



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 13, 2010

CERTIFIED RETURN RECEIPT
7005 0390 0000 7507 4412

Bruce Evans
Nephi Sandstone Corporation
1250 North 200 West
P. O. Box 137
Nephi, Utah 84648

Subject: Notice of Cancellation/Termination of Reclamation Surety, Bond Number 965 008 065, Nephi Sandstone, Soma Quarry, S/023/0065, Juab County, Utah

Dear Mr. Evans:

The Division of Oil, Gas and Mining (Division) was notified that the surety bond for the Soma quarry (S/023/0065) will be cancelled effective October 6, 2010. The terms of the surety state that the bond may be cancelled by the Surety ninety (90) days following receipt by the Division and Principal of such cancellation.

Paragraph 5 of the Reclamation Contract, states the operator shall provide a replacement surety within sixty (60) days following the Division's receipt of the cancellation/termination notice. If you fail to provide a replacement surety by September 6, 2010, the Division will be forced to do any/some of the following:

- Carry out the terms of surety bond number 965 008 065
- Withdraw the permit subject to appeal to the Board of Oil, Gas and Mining
- Order the cessation of mining operations
- Order immediate reclamation of all lands affected

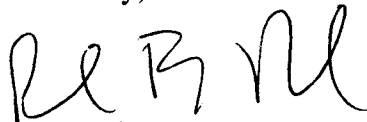
In addition, the Division notified you by letter dated December 29, 2009, of the need to increase the surety amount for the Soma quarry from \$12,000.00 to at least \$24,600.00. The deadline for submitting the increased surety was February 15, 2010, and we have called periodically to see how this was progressing. We have no desire to take enforcement action but may be forced to do so if this issue is not soon resolved.



Bruce Evans
Page 2 of 2
S/023/0065
July 13, 2010

If you have questions or require assistance regarding the surety, please contact Penny Berry (801) 538-5291 or by email at bondcoordinator@utah.gov. Thank you in advance for your prompt attention to these important permitting requirements.

Sincerely,

A handwritten signature in black ink, appearing to read 'PB' followed by a stylized flourish.

Paul Baker
Minerals Program Manager

PBB:pb

Enclosures: Copy of cancellation letter

Letter to Liberty Mutual

Cc: Liberty Mutual

Jerry_Mansfield@blm.gov

Opie_abeyta@blm.gov

P:\GROUPS\MINERALS\WP\M023-Juab\S0230065-Soma\final\cancel-operator-07132010.doc